



MOSAIC TRADING



Investment Company with Variable Capital, Luxembourg

Annual Report, including audited financial statements, as
at December 31, 2016



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No subscription can be received on the basis of this report. Subscriptions are only valid if made on the basis of the current prospectus accompanied by the latest annual report, including audited financial statements, and the most recent semi-annual report, if published thereafter.

TABLE OF CONTENTS

ORGANISATION OF THE SICAV	4
GENERAL INFORMATION	6
MANAGEMENT REPORT	7
REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ / AUDITOR'S REPORT	10
FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	12
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS	13
NUMBER OF SHARES OUTSTANDING AND NET ASSET VALUE PER SHARE	14
STATEMENT OF INVESTMENTS AND OTHER NET ASSETS	15
GEOGRAPHICAL AND INDUSTRIAL CLASSIFICATION OF INVESTMENTS	17
NOTES TO THE FINANCIAL STATEMENTS	18
OTHER INFORMATION TO SHAREHOLDERS	26

Mosaic Trading

ORGANISATION OF THE SICAV

Registered Office	15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
Board of Directors of the SICAV	
Chairman	Mr Nicolas TSCHOPP, Senior Vice President, Pictet Asset Management SA, Geneva, Switzerland
Directors	Mr Francesco ILARDI, Executive Vice President, Pictet Alternative Advisors SA, Geneva, Switzerland
	Mr Justin EGAN, Independent Director, Carne Global Financial Services Limited, Ireland
	Mr Thomas NUMMER, Independent Director, Carne Global Financial Services Luxembourg S.a r.l., Senningerberg, Grand Duchy of Luxembourg
	Mr Anil KUMAR SINGH, Independent Director, Carne Global Fund Managers (Luxembourg) S.A., Senningerberg, Grand Duchy of Luxembourg (note 13)
Management Company and Alternative Investment Fund Manager	Pictet Asset Management (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
Board of Directors of the Management Company	
Chairman	Mr Cédric VERMESSE, CFO, Pictet Asset Management SA, Geneva, Switzerland
Directors	Mr Rolf BANZ, Independent Director
	Mr Xavier BARDE, Executive Vice President, Banque Pictet & Cie SA, Geneva, Switzerland
Conducting officers of the Management Company	Mr David MARTIN, Head of Business Risk & Public Policy, Pictet Asset Management SA, Geneva, Switzerland
	Mr Laurent MOSER, Head of Compliance, Pictet Asset Management (Europe) S.A., Luxembourg, Grand Duchy of Luxembourg
	Mr Benoît BEISBARDT, Head of Fund Administration, Pictet Asset Management (Europe) S.A., Luxembourg, Grand Duchy of Luxembourg
	Mr Emmanuel GUTTON, Head of Legal, Pictet Asset Management (Europe) S.A., Luxembourg, Grand Duchy of Luxembourg (since October 25, 2016)

ORGANISATION OF THE SICAV (continued)

Investment Manager	Pictet Alternative Advisors SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
Depository Bank	Pictet & Cie (Europe) S.A., 15A, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
Transfer Agent, Administrative Agent and Paying Agent	FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
Cabinet de révision agréé/Auditor	Deloitte Audit, <i>Société à responsabilité limitée</i> , 560, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg
Legal Adviser	Elvinger Hoss Prussen, 2, place Winston Churchill, L-1340 Luxembourg, Grand Duchy of Luxembourg

GENERAL INFORMATION

MOSAIC TRADING (the "SICAV") publishes an annual report, including audited financial statements, within six months after the end of the financial year and an unaudited semi-annual report within three months after the end of the period to which it refers.

All these reports are made available to the Shareholders free of charge at the registered office of the SICAV and from the Depositary Bank and foreign agents involved in marketing the SICAV abroad.

Any other financial information to be published concerning the SICAV, including the monthly issue, redemption and conversion price of the shares, is available to the public at the registered office of the SICAV.

The net asset value per share, the issue price and the redemption price are available, in Luxembourg, at the registered office of the SICAV, the Depositary Bank and foreign agents involved in marketing the SICAV abroad.

Any amendments to the articles of incorporation will be published in the "*Recueil électronique des sociétés et associations*" (formerly "*Mémorial C, Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg*") of the Grand Duchy of Luxembourg.

A detailed schedule of changes in the investments for the reporting year is available free of charge upon request at the registered office of the SICAV.

MANAGEMENT REPORT

Market Review

Investors witnessed a difficult start to 2016 for risk assets, with share indices tumbling and bond yields moving steeply downwards. Come mid-February though, the markets steadied themselves, before rising oil prices provided the first major turning-point in the year, acting as the catalyst to spark a rally on equity markets. For much of the second quarter of 2016, financial assets held up quite well. The rebound in oil prices had a major part to play in helping to restore investor confidence in shares. The US dollar, buttressed by speculation about a hike in key interest rates by the Fed, rallied powerfully in May. Financial markets, still reeling from the shock Brexit result, began the third quarter in faltering fashion, but volatility did gradually subside. Improving market sentiment not only worked to the advantage of equities, but also boosted corporate bonds. The markets also benefited from central banks' generosity as they, for different individual reasons, retained their accommodating bias to monetary policy. Trump's victory in the US Presidential election was the second main turning-point of 2016, triggering a possible shift in market regime. US equities sky-rocketed, fuelled by almost hysterical expectations hyped up on a Republican blend of tax cuts, rising public spending and a more relaxed attitude to regulation. This election would also appear to have sounded the death-knell for the thirty-year bull market for bonds. Post-election, the dollar also quickened its rise in value. Investors took as read the move to tighten monetary screws in December, with more hikes to follow in 2017 if 'Trumponomics' is implemented.

In fixed income, as monetary policies in the various regions are out of sync with each other, the rise in long-bond yields was much steeper on US Treasuries than on German Bunds. Moreover, political instability round the euro area's periphery saw spreads on sovereign debt widen. As for credit-risk instruments, the best returns were delivered by US high-yield corporate bonds, while investment-grade bonds made more modest gains. In emerging markets, the relative appeal of local-currency emerging-market debt has undeniably diminished on account of the rising dollar and US interest rates since the US Presidential election.

Stock markets delivered a mixed bag of returns depending on regions and sectors, with volatility playing an active role on markets. At the outset of the year, tumbling Chinese equities pushed the price of oil and share prices downwards, which only rebounded in mid-February. Sectoral rotation towards cyclicals and away from blue-chip stocks took hold on markets and exerted its influence throughout the year. The Brexit outcome rocked markets in late June, mostly euro area shares - especially financials. After rebounding in July, shares were range-bound for the rest of the quarter, while emerging equity markets advanced on the back of rebounding commodity prices. Trump's victory unleashed a fresh rally by risk assets in November, which worked chiefly to the advantage of US equities and small caps, amid expectations for higher revenues and rising earnings per share.

Mosaic Trading

Mosaic Trading finished the year slightly up (class I: 0.4%).

In 2016, Mosaic Trading had an average allocation of 78% to Global Macro, 21% to CTAs and 1.4% to Relative Value strategies.

MANAGEMENT REPORT (continued)

2016 was a year of two halves, looking rather disappointing for hedge funds at the outset, whereas the end of the year revived optimism, especially for Tactical Trading strategies. Political instability did not go unnoticed, having an impact on markets and affecting hedge fund performance. Macro managers generally maintained low levels of risk for the best part of the year and generally registered lackluster performances, until Trump's election in November revived the opportunity set for the strategy. On the CTA front, choppy markets and a series of trend reversals catered for an unfavorable environment, though the strategy proved its de-correlating benefits in a number of instances throughout the year, like in the early-2016 equity selloff. Against this backdrop, Global Macro managers added 4.5% to performance, whereas CTAs detracted -2.5%.

February 2017

Established by Pictet Alternative Advisors SA

Approved by the Board of Directors of the SICAV

Mosaic Trading

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ / AUDITOR'S REPORT

To the Shareholders of

Mosaic Trading
(Investment Company with Variable Capital, Luxembourg)
15, avenue J.F. Kennedy
L-1855 Luxembourg

We have audited the accompanying financial statements of Mosaic Trading (the "SICAV"), which comprise the statement of net assets and the statement of investments and other net assets as at December 31, 2016 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors of the SICAV for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ / AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Mosaic Trading as at December 31, 2016, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other information

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of *réviseur d'entreprises agréé* thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

For Deloitte Audit
Société à responsabilité limitée
Cabinet de révision agréé

Christian Van Dartel, *Réviseur d'entreprises agréé*
Partner

April 13, 2017
560, rue de Neudorf
L-2220 Luxembourg

STATEMENT OF NET ASSETS AS AT DECEMBER 31, 2016

	USD
ASSETS	
Investments in securities at acquisition cost	274,843,855.33
Net unrealised gain on investments	31,715,565.01
Investments in securities at market value (note 2.c)	306,559,420.34
Net unrealised gain on forward foreign exchange contracts (notes 2.i, 11)	1,455,162.64
	308,014,582.98
LIABILITIES	
Bank overdraft (note 2.c)	6,857,639.82
Management fee payable (note 3)	869,825.64
"Taxe d'abonnement" payable (note 6)	31,493.65
Other fees payable (note 4)	139,016.99
Loans (notes 2.j, 12)	13,000,000.00
Interest payable on loan	29,452.50
	20,927,428.60
TOTAL NET ASSETS AS AT DECEMBER 31, 2016	287,087,154.38
TOTAL NET ASSETS AS AT DECEMBER 31, 2015	341,689,018.59
TOTAL NET ASSETS AS AT DECEMBER 31, 2014	381,602,249.38

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2016

	USD
NET ASSETS AT THE BEGINNING OF THE YEAR	341,689,018.59
INCOME	
Dividends, net (note 2.h)	23,525.20
Bank interest (note 2.h)	419.17
	23,944.37
EXPENSES	
Management fee (note 3)	3,733,972.12
Depository fee and bank interest (note 3)	320,832.72
Other expenses	96,240.27
Service fee (note 3)	231,752.08
"Taxe d'abonnement" (note 6)	127,068.82
Transaction fees (note 2.k)	17,653.11
Interest paid on loan (note 2.j, 12)	102,726.93
	4,630,246.05
NET INVESTMENT LOSS	-4,606,301.68
Net realised gain on sales of investments (note 9)	14,816,967.71
Net realised gain on foreign exchange	1,115,877.28
Net realised loss on forward foreign exchange contracts	-6,047,601.96
NET REALISED GAIN	5,278,941.35
Change in net unrealised appreciation/depreciation:	
- on investments (note 10)	-8,788,157.91
- on forward foreign exchange contracts	1,264,990.16
DECREASE IN NET ASSETS AS A RESULT OF OPERATIONS	-2,244,226.40
Proceeds from subscriptions of shares	20,429,154.26
Cost of shares redeemed	-68,728,251.47
Revaluation difference*	-4,058,540.60
NET ASSETS AT THE END OF THE YEAR	287,087,154.38

* The difference mentioned above is the result of fluctuations in the exchange rates used to convert the different items related to share classes denominated in a currency other than the currency of the SICAV into the currency of the related SICAV between December 31, 2015 and December 31, 2016.

NUMBER OF SHARES OUTSTANDING AND NET ASSET VALUE PER SHARE

Class	Currency	Number of shares outstanding	Net asset value per share	Net asset value per share	Net asset value per share
		31.12.2016	31.12.2016	31.12.2015	31.12.2014
I USD	USD	901,685.54	104.42	104.02	104.02
J USD	USD	107,009.78	107.84	107.12	106.81
P USD	USD	84,942.64	104.01	103.77	103.92
R USD	USD	100,801.55	97.81	98.07	98.71
Z USD	USD	18,915.37	117.27	115.32	113.84
HI CHF	CHF	680,400.23	108.20	109.69	111.54
HI EUR	EUR	596,055.54	79.97	80.59	80.51
HI GBP	GBP	6,790.80	100.55	100.40	99.92
HJ CHF	CHF	103,239.25	111.77	112.97	114.55
HJ EUR	EUR	176,000.71	82.58	82.98	82.66
HJ GBP	GBP	100.00	103.09	102.64	101.84
HP CHF	CHF	48,502.55	107.77	109.41	111.43
HP EUR	EUR	12,078.90	79.66	80.39	80.43
HR CHF	CHF	2,593.77	101.35	103.41	105.85
HR EUR	EUR	47,204.77	74.92	75.99	76.41
HR GBP	GBP	351.03	95.98	96.47	96.62
HZ CHF	CHF	85.80	129.89	129.98	130.49
HZ EUR	EUR	100.00	84.50	84.06	82.91
HZ GBP	GBP	100.00	113.93	112.30	110.32

Mosaic Trading

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS AS AT DECEMBER 31, 2016 (EXPRESSED IN USD)

Description	Quantity	Market value (note 2)	% of net assets
UNITS OF INVESTMENT FUNDS			
<i>BAHAMAS</i>			
MOORE GLOBAL INVESTMENTS A USD	415.51	25,951,965.39	9.05
MOORE GLOBAL INVESTMENTS D USD	0.00	4.01	0.00
		25,951,969.40	9.05
<i>BERMUDA</i>			
LYNX 1.5 BERMUDA D USD	5,688.00	9,005,720.53	3.14
		9,005,720.53	3.14
<i>BRITISH VIRGIN ISLANDS</i>			
CAXTON GLOBAL INVESTMENTS A S.A. 01/12 -REST.-	172.90	169,467.94	0.06
CAXTON GLOBAL INVESTMENTS EUR S.A. T 12/11	1,175.54	1,680,765.04	0.59
CAXTON GLOBAL INVESTMENTS S.A T 12/11 -UNREST.-	26,345.00	24,285,347.90	8.46
CAXTON GLOBAL INVESTMENTS SI A/B (01/13) -UNREST.- *	4,061.98	64,869.86	0.02
CAXTON GLOBAL INVESTMENTS SI A/G (07/14) *	14,255.06	227,653.30	0.08
GRAHAM GIF II - DISCRETION 12V PTF S.B	94,341.52	13,523,856.75	4.71
GRAHAM GIF II - EN/V.B CONT. 01/16 ****	-11,258.53	-11,258.53	0.00
STRATUS FEEDER C 1.5 USD LEVERAGE	8,360.00	13,872,834.80	4.83
STRATUS FEEDER E 1.5 EUR LEVERAGE	670.00	1,147,496.91	0.40
STRATUS FUND - DISCUS NON-US SIDE HOLDINGS S-USD **	1,432.66	9,469.86	0.00
WINTON FUTURES B USD	10,000.00	952,227.50	0.33
WINTON FUTURES FUND B LEAD SERIES -SDV-	10,231.00	10,240,792.29	3.57
		66,163,523.62	23.05
<i>CAYMAN ISLANDS</i>			
ANDURAND COMMODITIES A USD 03/16	1,000.00	1,178,847.80	0.41
ANDURAND COMMODITIES A USD 04/16	2,500.00	2,880,842.50	1.00
ANDURAND COMMODITIES A USD 05/16	1,500.00	1,621,843.05	0.56
ANDURAND COMMODITIES A USD 06/16	2,000.00	2,142,554.60	0.75
ANDURAND COMMODITIES A USD 07/16	2,000.00	2,205,173.20	0.77
ANDURAND COMMODITIES A USD 12/15	1,125.00	1,353,802.28	0.47
BLACKSTONE DISTRESSED SECURITIES A S04/08 **	8.43	3,294.25	0.00
BRIDGEWATER PURE ALPHA EUR B 8000-020	11,501.55	26,672,678.02	9.30
COMPLUS ASIA MACRO FUND A USD	109,824.47	14,593,420.48	5.08
COMPLUS ASIA MACRO FUND A USD (EQUAL. 01/16) ***	13,442.43	13,442.43	0.00
DYNAMIC OFFSHORE FUND D2 INITIAL SUB-SERIES	2,615.21	11,223,872.98	3.91
GRATICULE ASIA MACRO FUND A USD 05/11	12,328.00	18,689,707.71	6.51
MAGNETAR CAPITAL FUND SP1 S A-241 *	31.47	20,992.16	0.01
MAGNETAR CAPITAL FUND SP1 S A-26 *	20.89	13,938.98	0.00
MAGNETAR CAPITAL FUND SP1 S A-33 *	20.87	13,920.43	0.00
MAGNETAR CAPITAL FUND SP1 S A-51 *	19.79	13,203.10	0.00
MAGNETAR SPC L S.A SUB 1 **	3.13	3,698.21	0.00
MAGNETAR SPC L S.A SUB 3 **	7.63	9,005.31	0.00
MKP OPPORTUNITY OFFSHORE A USD	57,709.00	18,265,648.72	6.36
OXAM QUANT FUND INTERNATIONAL USD S A LEAD NI	1,362.50	4,016,404.75	1.40
PHARO TRADING CLASS A S.18 USD	1,209.42	6,465,008.33	2.25
PHARO TRADING CLASS A S5 05/14 USD	2,756.87	14,933,309.04	5.20
RUBICON GLOBAL FD PARTICIP.M-1 USD	34,650.76	20,784,824.97	7.24

* Side pockets: segregated hedge fund accounts that are typically intended to separate less liquid investments.

** Fund in liquidation.

*** Equalisation Credit : provision for incentive fees from the target fund manager in case an investor subscribes to a NAV per share above the High Water Mark.

**** Contingent redemption fee : in case an investor subscribes to a NAV per share below the High Water Mark, such investor will pay performance fees in relation with any increase in NAV per share between the subscription price and the High Water Mark.

The accompanying notes form an integral part of these financial statements.

Mosaic Trading

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS AS AT DECEMBER 31, 2016 (EXPRESSED IN USD)

Description	Quantity	Market value (note 2)	% of net assets
RUBICON GLOBAL FUND M 06/15	10,000.00	1,053,657.30	0.37
RUBICON GLOBAL FUND M-07/15	10,000.00	1,064,575.30	0.37
SYSTEMATICA BLUETREND Q EUR VTG	137,841.71	12,866,695.87	4.48
SYSTEMATICA BLUETREND Q EUR VTG (CONT. 06/16) ****	-283.75	0.00	0.00
SYSTEMATICA BLUETREND Q EUR VTG (EQUAL. 03/15) ***	174,837.59	0.00	0.00
SYSTEMATICA BLUETREND Q EUR VTG (EQUAL. 04/15) ***	11,130.92	0.00	0.00
SYSTEMATICA BLUETREND Q EUR VTG (EQUAL. 07/15) ***	5,025.98	0.00	0.00
THE TUDOR BVI GLOBAL FUND A ALTERNATIVE S01	73.30	9,929,418.85	3.46
THE TUDOR BVI GLOBAL FUND A ALTERNATIVE S01 A	4.98	652,043.74	0.23
THE TUDOR BVI GLOBAL FUND A ALTERNATIVE S01 NR	109.87	14,900,924.24	5.19
THE TUDOR BVI GLOBAL FUND LEGACY SP *	259.13	304,010.86	0.11
VICIS CAPITAL FUND A S111 **	5,504.00	0.00	0.00
VICIS CAPITAL FUND A S297 **	3,600.00	0.00	0.00
		187,890,759.46	65.43
<i>LUXEMBOURG</i>			
PICTET ALTERNATIVE FUNDS - COMMO Z USD	133,793.24	12,276,078.44	4.28
		12,276,078.44	4.28
<i>SWITZERLAND</i>			
PICTET (CH) - SHORT-TERM MONEY MARKET EUR - Z DY	401.00	414,038.86	0.14
PICTET (CH) - SHORT-TERM MONEY MARKET USD - Z DY	4,893.00	4,857,330.03	1.69
		5,271,368.89	1.83
TOTAL INVESTMENTS		306,559,420.34	106.78
BANK OVERDRAFT		-6,857,639.82	-2.39
OTHER NET LIABILITIES		-12,614,626.14	-4.39
TOTAL NET ASSETS		287,087,154.38	100.00

* Side pockets: segregated hedge fund accounts that are typically intended to separate less liquid investments.

** Fund in liquidation.

*** Equalisation Credit : provision for incentive fees from the target fund manager in case an investor subscribes to a NAV per share above the High Water Mark.

**** Contingent redemption fee : in case an investor subscribes to a NAV per share below the High Water Mark, such investor will pay performance fees in relation with any increase in NAV per share between the subscription price and the High Water Mark.

The accompanying notes form an integral part of these financial statements.

GEOGRAPHICAL AND INDUSTRIAL CLASSIFICATION OF INVESTMENTS AS AT DECEMBER 31, 2016

Geographical classification		Industrial classification	
(in % of net assets)		(in % of net assets)	
Cayman Islands	65.43	Units of investment funds	106.78
British Virgin Islands	23.05		106.78
Bahamas	9.05		
Luxembourg	4.28		
Bermuda	3.14		
Switzerland	1.83		
	106.78		

Mosaic Trading

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

NOTE 1

GENERAL

MOSAIC TRADING (the "SICAV") has the status of an undertaking for collective investment and the particular form of an "Investment Company with Variable Capital" (SICAV). The SICAV is governed by Luxembourg law in accordance with the provisions of Part II of the amended Law dated December 17, 2010 (the "Law"), relating to undertakings for collective investment. The articles of incorporation of the SICAV (the "Articles") were published in the *"Mémorial C, Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg"* of April 22, 2005 amended by notarial acts dated August 22, 2007 and August 12, 2011.

The SICAV is registered in the Luxembourg Trade and Companies Register under number R.C.S. B 107 239.

Pictet Asset Management (Europe) S.A., a public limited company (société anonyme) with registered office at 15, avenue J.F. Kennedy, L-1855 Luxembourg, was appointed management company of the SICAV as of October 1, 2007. It is a management company within the meaning of chapter 15 of the Law.

Shares of the SICAV are issued in registered form only. They are freely transferable and entitled to participate equally in the profits and liquidation proceeds attributable to the SICAV. The shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights and each share is entitled to one vote at all meetings of the Shareholders.

The SICAV is qualified as an Alternative Investment Fund ("AIF") within the meaning of the Luxembourg law of July 12, 2013 (the "Law of 2013") on the Alternative Investment Funds Managers ("AIFM").

In the context of the implementation of the Law of 2013 requiring the SICAV to be managed by an authorised AIFM, Pictet Asset Management (Europe) S.A. was appointed as AIFM with effect as of May 30, 2014.

Classes of shares offered to investors are presented in the most recent prospectus of the SICAV.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) General

The financial statements are prepared in accordance with generally accepted accounting principles and presented in accordance with the legal reporting requirements applicable in Luxembourg relating to undertakings for collective investment.

b) Presentation of financial statements

The reference currency of the SICAV is the USD.

The accounting year of the SICAV terminates on December 31.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016 (continued)

c) Valuation of Assets of the SICAV

The value of any cash on hand or on deposit, bills and demand notes and accounts receivable (including any rebates on fees and expenses payable by any Investment Fund), prepaid expenses, cash dividends declared and interest accrued, and not yet received is deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof is determined after making such discount as the Board of Directors may consider appropriate to reflect the true value thereof.

The value of securities (including shares or units of closed-ended Investment Funds) which are quoted, traded or dealt in on any stock exchange is based on the closing prices or, if appropriate, on the average price on the stock exchange which is normally the principal market of such securities, and each security traded on any other regulated market is valued in a manner as similar as possible to that provided for quoted securities.

For non-quoted securities or securities not traded or dealt in on any stock exchange or other regulated market as well as quoted or non-quoted securities on such other market for which no valuation price is available, or securities for which the quoted prices are, in the opinion of the Board of Directors, not representative of the fair market value, the value thereof is determined based on the valuation method proposed in good faith by the Board of Directors taking into consideration:

- the latest available price;
- the basis of recent events that may have an impact on the value of the securities; or
- any other available assessment.

Liquid assets and money market instruments are valued at nominal value plus any accrued interest or on an amortised cost basis.

Futures and options are valued by reference to the previous day's closing price on the relevant market; the market prices used are the futures exchanges settlement prices.

Swaps are valued at fair value based on the last available closing price of the underlying security.

In determining the value of the assets of the SICAV, shares in open-ended Underlying Funds are valued at the current Net Asset Value ("NAV") for such shares or units as of the relevant Valuation Day, or if no such actual NAV is available as of such Valuation Day, they are valued at the estimated NAV as of such Valuation Day, or if no such estimated NAV is available they are valued at the last available actual or estimated NAV which is calculated prior to such Valuation Day whichever is the closer to such Valuation Day. If events have occurred which may have resulted in a material change in the NAV of such shares or units since the date on which such actual or estimated NAV was calculated, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Board of Directors of the SICAV, such change but the Board Directors of the SICAV is not required to revise or recalculate the NAV on the basis of which subscriptions, redemptions or conversions may have been previously accepted.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016 (continued)

In respect of shares or units held by the SICAV, for which issues and redemptions are restricted and a secondary market trading is effected between dealers who, as main market makers, offer prices in response to market conditions, the Board of Directors may decide to value such shares or units in line with the realisation prices so established.

The Administrative Agent, the Board of Directors and the Management Company may rely solely on the valuations provided by UCIs with respect to the investment such UCIs have made. Valuations provided by UCIs may be subject to adjustments made by such UCIs subsequent to the determination of the NAV of the SICAV. Such adjustments, whether increasing or decreasing the NAV of the SICAV, do not affect the amount of the redemption proceeds received by redeeming shareholders. As a result, to the extent that such subsequently adjusted valuations from UCIs adversely affect the NAV of the SICAV, the remaining outstanding shares of the SICAV are adversely affected by redemptions. Conversely, any increases in the NAV of the SICAV resulting from such subsequently adjusted valuations are entirely for the benefit of the remaining outstanding shares of the SICAV.

The Administrative Agent and the Board of Directors may consult with the Investment Manager in valuing the SICAV's net assets. Year-end NAV calculations are audited by the SICAV's independent auditors and may be revised as a result of such audit. As discussed above, such revisions may result from adjustments in valuations provided by UCIs.

In no event shall the Board of Directors, the Depositary Bank, the Administrative Agent, the Investment Manager incurs any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of negligence, wilful misfeasance or bad faith.

If events have occurred which may have resulted in a material change of the NAV of such shares or units in other Investment Funds since the day on which the latest official NAV of these UCIs was calculated, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Board of Directors, such change of value.

All other securities and assets are valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

d) Formation expenses

The expenses incurred by the SICAV in relation to the launch of new sub-funds is borne by, and payable out of the assets of, those sub-funds, unless otherwise decided by the Board of Directors of the SICAV, and may be amortized over a period not exceeding five years, it being understood that a new sub-fund is also charged a prorata portion of the initial establishment expenses unamortized as of its launch.

e) Conversion of foreign currencies

Cash at banks, other net assets and the market value of the investment portfolio expressed in currencies other than the currency of the SICAV are converted into the currency of the SICAV at the exchange rate prevailing at the closing date.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016 (continued)

Income and expenses expressed in currencies other than the base currency of the SICAV are converted into the currency of the SICAV at the exchange rate applicable on the transaction date.

Resulting foreign exchange gains and losses are recorded in the statement of operations and changes in net assets.

f) Net realised gain/loss on sales of investments

Net realised gains or losses on sales of investments are calculated on the basis of the average cost of the investments sold.

g) Cost of investment securities

The cost of investment securities in currencies other than USD is translated into USD at the exchange rate applicable at purchase date.

h) Income

Dividends are recorded at ex-date. Interest is recorded on an accrual basis.

i) Valuation of forward foreign exchange contracts

The net unrealised gains or losses resulting from outstanding forward foreign exchange contracts are determined on the valuation day on the basis of forward foreign exchange prices applicable on this date and are included in the statement of net assets.

j) Loans

Loans are recorded in the accounts up to the amount of cash received. Interest is accrued, recorded separately and is included in the appropriate liabilities and expenses accounts.

k) Transaction fees

Transaction fees represent the costs incurred by the SICAV in connection with purchases and sales of investments. Transaction fees include brokerage fees, bank commissions, foreign tax, depositary fees and other fees. Transaction fees are included in the statement of operations and changes in net assets.

NOTE 3

MANAGEMENT FEE, SERVICE FEE AND DEPOSITARY FEE

Annual management fee and service fee are calculated on the average NAVs of the classes and are paid to the Management Company in payment for the services provided by it to the SICAV. These fees also enable the Management Company to remunerate the Investment Manager and distributors, if applicable, and the Administrative Agent for the functions of transfer agent, administrative agent and paying agent.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016 (continued)

The Depositary Bank is entitled to receive, out of the assets of the SICAV, fees calculated in accordance with normal banking practice in Luxembourg. In addition, the Depositary Bank is entitled to be reimbursed by the SICAV for its respective reasonable out-of-pocket expenses properly incurred in carrying out its duties as such and for the charges of any correspondents.

Such fees cannot exceed the amounts specified below:

Type of shares	Fees (max %) *		
	Management	Service	Depositary
I USD	1.50%	0.15%	0.10%
J USD	1.25%	0.15%	0.10%
P USD	1.50%	0.15%	0.10%
R USD	2.50%	0.15%	0.10%
Z USD	0.00%	0.15%	0.10%
HI CHF	1.50%	0.20%	0.10%
HI EUR	1.50%	0.20%	0.10%
HI GBP	1.50%	0.20%	0.10%
HJ CHF	1.25%	0.20%	0.10%
HJ EUR	1.25%	0.20%	0.10%
HJ GBP	1.25%	0.20%	0.10%
HP CHF	1.50%	0.20%	0.10%
HP EUR	1.50%	0.20%	0.10%
HP GBP **	1.50%	0.20%	0.10%
HR CHF	2.50%	0.20%	0.10%
HR EUR	2.50%	0.20%	0.10%
HR GBP	2.50%	0.20%	0.10%
HZ CHF	0.00%	0.20%	0.10%
HZ EUR	0.00%	0.20%	0.10%
HZ GBP	0.00%	0.20%	0.10%

* Maximum percentage per year of the average net assets attributable to this type of shares.

** As at December 31, 2016, this type of shares was not activated yet.

The fees payable to the Investment Manager are in addition to the fees paid by the investee UCIs to the Investment Manager of the investee UCIs. There may be a duplication of management fees. Moreover, if the UCIs in which the SICAV has invested in turn invest in UCIs, a further doubling of costs and expenses may have to be borne by the Shareholders of the SICAV.

NOTE 4

OTHER FEES PAYABLE

As at December 31, 2016, the other fees payable include mainly service, audit, and depositary fees.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016 (continued)

NOTE 5

DIRECTORS FEES

The external Directors fees paid for the year ended December 31, 2016 are also included in the statement of operations and changes in net assets under the caption "Other expenses" and amount to USD 34,430.16.

NOTE 6

TAXE D'ABONNEMENT

Under current law and practice the SICAV is not liable to any Luxembourg income tax, nor are dividends, if any, paid by the SICAV liable to any Luxembourg withholding tax. However, the SICAV is normally liable in Luxembourg to a tax of 0.05% per annum of its net assets. Such tax rate is reduced to a rate of 0.01% in respect of the net assets attributable to such classes of shares which are reserved for institutional investors within the meaning of, and as provided for in, article 174 of the Law.

Such tax is payable quarterly and calculated on the NAV of the relevant class at the end of the relevant quarter. For the portion of the assets of the SICAV invested in other UCIs which are established in Luxembourg, no such tax is payable as provided for in article 174 of the Law if it is already paid for by the underlying UCI.

NOTE 7

SUBSCRIPTIONS AND REDEMPTIONS

a) Subscriptions

Shares in each class are issued at the relevant NAV per share (the "Subscription Price"), as determined as of each "Valuation Day", being the last calendar day of each month. The NAV is made public as soon as practicable after the relevant Valuation Day.

A subscription charge of up to 3.50% of the relevant Subscription Price may be added to the Subscription Price to compensate financial intermediaries and other persons who assist in the placement of shares.

b) Redemptions

Shares are redeemable on a quarterly basis at their relevant NAV per share (the "Redemption Price") and are calculated as of the Valuation Day of the months of March, June, September and December (the "Redemption Valuation Day"). The Board of Directors of the SICAV may determine additional Redemption Valuation Days for which all Shareholders in identical situations are treated equally.

A redemption charge of up to 3.00% of the relevant Redemption Price may be levied on the Redemption Price to compensate financial intermediaries and other persons who assist in the placement of shares.

c) Duplication of fees

When investing in investee UCIs, a duplication of subscription and/or redemption fees may be applied. Moreover, if the UCIs in which the SICAV has invested in turn invest in UCIs, a further doubling of costs and expenses may have to be borne by the Shareholders of the SICAV.

Mosaic Trading

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016 (continued)

NOTE 8 EXCHANGE RATES AS AT DECEMBER 31, 2016

The following exchange rates were used for the conversion of the SICAV's net assets into USD as at December 31, 2016:

1 USD =	1.016350 CHF
1 USD =	0.948092 EUR
1 USD =	0.809291 GBP

NOTE 9 DETAILS OF THE NET REALISED GAINS/LOSSES ON SALES OF INVESTMENTS

Details of the net realised gains/losses on sales of investments for the year ended December 31, 2016 were as follows:

		Realised gain	Realised loss	Net realised gain
Mosaic Trading	USD	15,315,927.42	-498,959.71	14,816,967.71

NOTE 10 DETAILS OF THE CHANGE IN NET UNREALISED APPRECIATION/DEPRECIATION ON INVESTMENTS

Details of the change in net unrealised appreciation/depreciation on investments for the year ended December 31, 2016 were as follows:

		Change in unrealised appreciation	Change in unrealised depreciation	Change in net unrealised appreciation/depreciation
Mosaic Trading	USD	14,148,609.71	-22,936,767.62	-8,788,157.91

NOTE 11 FORWARD FOREIGN EXCHANGE CONTRACTS

The SICAV had the following forward foreign exchange contracts outstanding as at December 31, 2016:

Mosaic Trading

Currency	Purchase	Currency	Sale	Maturity date
CHF	93,933,272.88	USD	91,520,784.99	31/01/2017
EUR	70,051,554.54	USD	73,207,377.07	31/01/2017
GBP	753,803.67	USD	923,145.66	31/01/2017
USD	42,738,455.00	EUR	40,900,000.00	31/01/2017

The net unrealised gain on these contracts as at December 31, 2016 was USD 1,455,162.64 and is included in the statement of net assets.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016 (continued)

NOTE 12

LOANS

On January 12, 2016, the Board of Directors of the SICAV renewed its loan agreement (the "Loan Agreement") which was entered into on January 26, 2015 between the SICAV, the Management Company and UBS AG, London Branch (the "Lender").

In accordance with the Loan Agreement, the total commitment amount is equal to USD 40,000,000.00 with a maturity date at January 25, 2017. Following the Deed of Amendment dated January 23, 2017, the maturity date has been extended to January 25, 2018.

As at December 31, 2016, loan outstanding under the Loan Agreement with UBS AG, London Branch amounted to USD 13,000,000.00 with a maturity date fixed to March 31, 2017.

NOTE 13

EVENT AFTER THE YEAR END

As at January 2, 2017, the Board of Directors of the SICAV has decided to appoint Mrs Tracey McDermott, Carne Global Fund Managers (Luxembourg) S.A., 6B, route de Trèves, L-2633, Senningerberg, Luxembourg, Grand Duchy of Luxembourg in replacement of Mr Anil Kumar Singh, Independent Director, Carne Global Fund Managers (Luxembourg) S.A., Senningerberg, Grand Duchy of Luxembourg, as member of the Board of Directors of the SICAV with effect as at January 2, 2017.

Mr Thomas Nummer resigned from Carne Global Financial Services Luxembourg S.à r.l. on January 31, 2017. He remains a member of the Board of Directors of the SICAV.

OTHER INFORMATION TO SHAREHOLDERS

REMUNERATION OF THE MEMBERS OF THE AIFM

In relation to paragraphs 2 (e) and 2 (f) of article 20 of the law of July 12, 2013 relating to Alternative Investment Fund Managers, and in accordance with the ALFI Guidance dated October 3, 2014, the detail of the remuneration paid by the AIFM to its members is available upon request to the Shareholders of the SICAV at the registered office of the AIFM.

SECURITIES FINANCING TRANSACTIONS AND OF REUSE ("SFTR")

As at December 31, 2016, the SICAV is currently not in the scope of the requirements of the Regulation (EU) 2015/2365 on transparency of Securities Financing Transactions and of Reuse ("SFTR"). Furthermore, no corresponding transactions were carried out during the period referring to the financial statements.

MATERIAL CHANGES

No material changes occurred to the SICAV during year ended December 31, 2016.

OTHER INFORMATION TO SHAREHOLDERS (continued)

TRANSPARENCY WITH INVESTORS: INFORMATION RELATING TO RISK MANAGEMENT

Special arrangements arising from the illiquid nature of assets

Currently, no assets within the SICAV are subject to special arrangements arising from their illiquid nature.

Risk profile

The current risk profile of the SICAV is medium. To assess the sensitivity of the portfolio to the risks it may be exposed, risk limits to cover market, credit, liquidity, concentration, counterparty and operational risks have been defined. No risk limits have been exceeded over the year. They are not likely to be exceeded in the foreseeable future.

Risk management systems

Market, credit, liquidity, concentration, counterparty and operational risks are monitored on an ongoing basis using specific tools and stress test when applicable. No change of system is currently planned.

Leverage

The original maximum level of leverage expressed as a percentage of NAV are the following:

- Leverage calculated with the commitment method: 200%
- Leverage calculated with the gross method: 200%

These levels have not been revised over the course of the year.

The total amounts of leverage expressed as a percentage of NAV employed by the AIF as of December 31, 2016 are the following:

- Leverage calculated with the commitment method: 119.4%
- Leverage calculated with the gross method: 132.9%

No collateral has been reused and no guarantees were granted.

